



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JAMES L. SCHNEIDERMAN
JUDI E. THOMAS

February 15, 2012

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **WESTSIDE FAMILY HEALTH CENTER – A DEPARTMENT OF PUBLIC
HEALTH HIV/AIDS PREVENTION CONTRACT SERVICE PROVIDER –
FISCAL REVIEW**

We completed a fiscal review of the Westside Family Health Center (Westside or Agency). The County Department of Public Health (DPH) Division of HIV STD Programs (DHSP) contracts with Westside for the Agency to provide HIV/AIDS health education and risk reduction counseling services. Our review covered a sample of transactions from December 2010 through June 2011.

The purpose of our review was to determine whether Westside spent funds in accordance with their County contract. We also evaluated the Agency's accounting records, internal controls, and compliance with contract and applicable guidelines.

At the time of our review, Westside had one contract with DHSP. DHSP paid the Agency approximately \$150,000 from July 2010 to June 2011. Westside provides services to residents of the Second, Third, and Fourth Supervisorial Districts.

Results of Review

Westside recorded and deposited payments from DHSP timely, and maintained the required personnel files. However, Westside inappropriately charged \$3,592 in payroll costs to the DHSP Program based on estimates, instead of the actual hours worked, and did not record its payroll expenditures in the DHSP Program accounting records.

Westside's attached response indicates that they will repay DHSP \$3,592, will allocate future payroll costs based on the actual hours worked, and will record payroll expenditures in their Program accounting records.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with Westside and DHSP. The Agency's attached response indicates that they agree with our findings and recommendations.

We thank Westside for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:JLS:DC:AA

Attachment

c: William T Fujioka, Chief Executive Officer
Jonathan E. Fielding, M.D., M.P.H., Director, Department of Public Health
Peter Mackler, Chair, Board of Directors, Westside Family Health Center
Debra Farmer, President/CEO, Westside Family Health Center
Public Information Office
Audit Committee

**WESTSIDE FAMILY HEALTH CENTER
HIV/AIDS PREVENTION SERVICES
JULY 2010 TO JUNE 2011**

CASH/REVENUE

Objective

Determine whether the Westside Family Health Center (Westside or Agency) had adequate controls to ensure cash receipts and revenue were recorded in the Agency's financial records properly, and cash receipts were deposited into the Agency's bank account timely.

Verification

We interviewed Westside's personnel, and reviewed the Agency's financial records and June 2011 bank reconciliation.

Results

Westside had adequate controls to ensure that revenue and cash were recorded properly, and that cash was deposited timely.

Recommendation

None.

COST ALLOCATION PLAN

Objective

Determine whether the Agency's Cost Allocation Plan was prepared in compliance with the County contract, and was used to allocate shared costs appropriately.

We did not perform test work in this section because the Agency did not bill DHSP for any indirect costs.

EXPENDITURES

Objective

Determine whether expenditures charged to the DHSP Program were allowable under the County contract, properly documented, and accurately billed.

Verification

We interviewed Agency personnel, and reviewed financial records for nine non-payroll expenditures, totaling \$9,357, that the Agency charged to the DHSP Program from December 2010 through June 2011.

Results

The Agency's expenditures were allowable, properly documented, and accurately billed.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether Westside charged payroll costs to the DHSP Program appropriately, and maintained personnel files as required.

Verification

We traced the payroll costs for three employees, totaling \$5,999, from June 2011 to the Agency's payroll records and time reports. We also reviewed the personnel files for Westside's DHSP Program staff.

Results

Westside inappropriately charged \$3,592 of the payroll costs reviewed to the DHSP Program based on estimates, instead of the actual hours worked on the DHSP Program.

Recommendations

Westside management:

- 1. Repay DPH \$3,592, or provide adequate documentation to support the expenditures.**
- 2. Bill DHSP for payroll expenditures based on the actual hours worked on the DHSP Program.**

COST REPORTS**Objective**

Determine whether the Agency's Cost Report reconciled to the accounting records.

Verification

We traced Westside's Cost Report to their accounting records for June 2011.

Results

Westside's Cost Report did not reconcile to their accounting records. Specifically, Westside's DHSP Program accounting records did not include payroll expenditures charged to DHSP. Although the expenditures were recorded on the Agency-wide accounting records, and the Agency provided other supporting documentation for our review, the County contract requires the Agency to account for expenditures and revenues by program.

Recommendation

3. **Westside management ensure the Cost Report reconciles to the Agency's DHSP accounting records.**

Westside Family



Health Center

January 9, 2011

Wendy Watanabe, Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
Countywide Contract Monitoring Division
500 West Temple Street, Room 525
Los Angeles, CA 90012-3873

RE: WESTSIDE FAMILY HEALTH CENTER CONTRACT REVIEW – A DEPARTMENT
OF PUBLIC HEALTH HIV/AIDS PREVENTION SERVICES PROVIDER

Dear Ms. Watanabe:

We have reviewed the draft of your fiscal review of Westside Family Health Center (WFHC) of our OAPP contract for fiscal year 2010-2011. This letter is WFHC's formal response to the draft report.

Below is our specific response to each finding.

PAYROLL AND PERSONNEL

Westside's personnel files were maintained as required. However, the Westside inappropriately charged \$3,592 (60%) of the \$5,999 in payroll expenditures reviewed. Specifically, the Agency allocated payroll costs based on estimates, instead of actual hours worked on OAPP Program activities.

Recommendations:

1. **Repay DPH \$3,592 or provide adequate documentation to support the expenditures.**
Although the Agency believes its June billing was appropriate, WFHC will remit \$3,592 to DPH based on the contract review.
2. **Bill OAPP for payroll expenditures based on the actual hours worked on OAPP related activities.**
Effective January 1, 2012, the Agency has begun to track individual OAPP activities on a daily basis on each employee's timesheet.

COST REPORTS

Westside's Cost Report did not reconcile to their accounting records. Specifically, Westside's general ledger for the OAPP program did not include payroll expenditures charged to OAPP. Although the expenditures were recorded on the agency-wide accounting records and the Agency provided other supporting documentation for our review, the County contract requires that an accounting of expenditures and revenues be maintained by program.

Recommendation:

3. Westside management ensure the Cost Report reconciles to the Agency's program accounting records.

Effective January 1, 2012, the Agency has begun to record OAPP payroll expenditures directly to the OAPP cost report.

CONCLUSION

We appreciate the opportunity that audits and reviews give us to improve our performance and meet the obligation of our contracts. We feel that we do a good job, but not a perfect one and appreciate your review.

Sincerely,



Debra A. Farmer
President/CEO